

# Memorandum



Subject Telephone Interview With [REDACTED]

Date May 31, 1996

60-2096-0002

To Files

From Tara Sweeney

b7D

DOJ: Nina Hale  
Jill Ptacek  
Cindy Alexander  
Tara Sweeney

[REDACTED]

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Page(s) 2-6

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products each year, the slotting fees cover the cost of setting up the products into the system and help cover losses if the products should fail. [REDACTED]

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[REDACTED]

mer, respon

Frito-Lay typically offered \$400 per square foot for shelf space when Eagle left the market. [REDACTED] explained that the up-front fee guarantees a profit and helps mitigate any costs of the product's failure. The customer will make one to two percent gross revenue up-front, which is a very important part of their overall revenues. Slotting fees for new items may be approximately [REDACTED] for an up-front fee.

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Exclusivity

He explains that they have had some experience of retailers discussing exclusivity. [REDACTED]

[REDACTED]

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It would be problematic if they were to lose one store because each store has a unique customer set. They seek wide availability for their products by media advertising. Each individual outlet is essential to their success. [REDACTED]

[REDACTED] He states that they would not be able to survive in the club stores alone, if they were pushed out of grocery stores. There has been a recent consolidation of American grocery retailers. Thirty-five stores in the country do approximately 60-70 percent of the business. If you add Kmart and Wal-Mart, they make up 85-90 percent of the business. He says in the DC/Baltimore area, Wal-Mart, Kmart, Giant, and Safeway do 80 percent of all retail business.

When they discussing markets, they consider both regional and national markets. They are able to get their information from [redacted] which has established a standardized measure for geographic regions. He says most of the grocery stores use the same tools.

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We also spoke with [redacted] rick, Technical Brand Manager

[redacted] s. She interfaces with the category teams for the

[redacted] in northwest U.S. (Oregon)

Page(s) 10

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